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Part I

Ontario. Hydro Electric  
Inquiry Commission  
1922-24

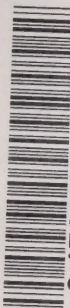
J. ALLAN ROSS  
Commissioner

Miscellaneous documents 344.



ST. LAWRENCE SYSTEM

B R I E F  
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MEMORANDUM FOR THE CHAIRMAN

The Legal Department begs to respectfully submit this Brief relating to the Public Hearing to be held at Cornwall on Friday, 1st December, 1922. The Brief has for convenience been bound in two volumes, part I and part II. Part I contains memoranda prepared by the Department with regard to the subject matter of the inquiry. Part II contains letters and documents which have been abstracted from the files of the Hydro-Electric Power Commission and which will be referred to in the memoranda and in the examination of the various witnesses.

In addition to the Brief prepared by the Legal Department there is available the report of Messrs. Price, Waterhouse and Company, dated 7th November, 1922, entitled "Report on Investigation of Accounts of St. Lawrence System" and the Annual Report of the Hydro-Electric Power Commission for the year 1921. Copies of the evidence taken at the Public Hearing of this Commission on 7th November, 1922, relating to the rural distribution of Hydro-electric power with the passages relating to the St. Lawrence System and the Town of Cornwall clearly marked have been handed each Commissioner.

A list of witnesses to be called with suggested lines of inquiry will be submitted by the Department under separate cover.



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A list of witnesses to be called with expressed lines of inquiry will be submitted by the Department under separate cover.



Page #2. Memorandum for the Chairman

The attention of the Commission is respectfully drawn to the more important general features of this inquiry.

The St. Lawrence System being at once one of the smallest and earliest of the Systems organized by the H.E.P.C. presents as it were in miniature most of the important phases of the administration of the H.E.P.C.

1. The financial condition of the System as reported upon by Messrs. Price, Waterhouse and Company shows that at least two of the original municipalities of the System which began to take power in 1914 have had a deficit in their accounts every year since they commenced operation; that the deficit on the System would be in excess of \$50,000. were it not for the adjustment of the renewal rate carried back over the whole period of operation thereby reducing the accumulated deficit to approximately \$18,000.
2. The contracts with the original municipalities (Brockville, Prescott, Winchester and Chesterville) executed in 1912-1913, are in the form contemplated by the Power Commission Act, i.e. they set out the cost of power at point of delivery to the Commission, the estimated maximum cost which the municipality might expect to pay and provide that the municipality shall pay the Commission on the basis of these estimates.



The attention of the Commission is respectfully drawn to the more important General features of this inquiry.

The St. Lawrence system being at once one of the smallest and earliest of the systems examined by the R.N.P.C. presents as it were in miniature most of the important phases of the administration of the R.N.P.C.

1. The financial condition of the system as reported upon by Messrs. Price, Waterhouse and Company shows that at least two of the original municipalities of the system which began to take power in 1912 have had a deficit in their accounts every year since they commenced operation; that the deficits on the system would be in excess of \$20,000. were it not for the adjustment of the renewal rate carried back over the whole period of operation thereby reducing the accumulated deficits to approximately \$15,000.

2. The contracts with the original municipalities (Quebecville, Prescott, Winchester and Oxboroughville) executed in 1912-1913, are in the form contemplated by the Power Commission Act, i.e. they set out the cost of power at point of delivery to the Commission, the estimated maximum cost which the municipalities might expect to pay and provide that the municipalities shall pay the Commission on the basis of these estimates.



## 2. (continued)

The estimates and the maximum price make part of the agreement. These contracts have been varied without the vote of the electors.

3. The Commission would appear to have adopted, whether consciously or not, a policy of discrimination against municipalities not served by the H.E.P.C. in furnishing price quotations to prospective industries. In other words the Commission has discriminated against the Town of Cornwall.

4. The H.E.P.C. seems disposed to interfere in matters having only a local interest in non-Hydro municipalities.

5. There is evidence of the use of the "big stick" in the relations of the Commission with the Town of Cornwall, *the* Beach Company and the Cedar Rapids Company.

6. Col., now Mr. Justice Smith, stated on the platform in Cornwall that the Hydro representative, like the Bolshevik, advocated the confiscation of private property, i.e. that the proper thing to do with the electric light in Cornwall was to wait a few years and then take up at the cost of scrap.

7. Officers of the H.E.P.C. visited Cornwall conducting pro-Hydro campaign on several occasions. Mr. Hannigan appeared on the public platform in Cornwall through the agency of the H.E.P.C. In the words of Mayor Chisolm of Cornwall "Where does the money come from? - The sooner an investigation fully and impartially is held the sooner will some people be seen in the penitentiaries of this Province of ours for squandering the money of the people." (See Exhibit #22,







Page #4.

Memorandum for the Chairman

8. There is documentary evidence suggesting that the strongest Hydro supporter in Cornwall sells cement and other building material to the H.E.P.C.

All of which is respectfully submitted.

For Legal Department.

RLF/HBP.



It is the duty of every citizen to  
support the Government in its  
efforts to maintain the Union.

ALL OF WHICH IS HEREBY CERTIFIED.

Wm. H. Hunt

Secretary

1890



## STATEMENT OF FACTS -ST.LAWRENCE SYSTEM

### ORIGIN OF ST. LAWRENCE SYSTEM.

During the years 1910, 1911 and 1912 the Commission claim to have received numerous requests from the municipalities in the Eastern portion of the Province, in regard to a supply of power for the district. The municipalities included Kingston, Gananoque, Lyn, Brockville, Prescott, Cardinal, Iroquois, Winchester, Chesterville and others. Various estimates were supplied on the basis of obtaining power from different sources to supply these municipalities. Among the sources of power considered was a development at High Falls on the Madawaska River.

### Contract With

After months of negotiations the Commission New York entered into a contract with the New York & Ontario Power & Ontario Power Co. Company, dated April 27th, 1911. This Company claimed to own a water power opposite Morrisburg, in the Village of Waddington on the American side. The President of the Company was a Mr. Conley, formerly of Morrisburg, but later of Hamilton. Correspondence with this Company extended over the years 1910 and 1911. On the basis of tentative offers made by this Company the Commission's estimates were prepared, in order to show the cost of power to each of the municipalities.



During the years 1910, 1911 and 1912

The Commission of the River had received numerous requests from the municipalities in the eastern portion of the Province, in regard to a supply of power for the different municipalities. The Commission had received requests from the municipalities of Guelph, Kitchener and others. Various estimates were supplied on the basis of obtaining power from different sources to supply these municipalities. When the amount of power considered was a development at Lake Huron on the Kichissippi River.

After receipt of notification the Commission with New York entered into a contract with the New York & Ontario Power & Light Co. dated April 27th, 1911. This company claimed to own a water power located at Kitchener, in the Village of Kitchener on the American side. The President of the company was a Mr. Corbin, formerly of Kitchener, and later of Hamilton. Correspondence with this company ensued over the years 1910 and 1911. On the basis of tentative offers made by this company the Commission's estimates were prepared in order to show the cost of power to each of the municipalities



ORIGIN OF ST. LAWRENCE SYSTEM (Cont'd)

Final propositions were submitted to the municipalities in the Spring of 1911, including the municipalities east of Brockville and north as far as Russell and the contract above referred to entered into with the Company.

The contract called for delivery of power at 26,000 volts as follows:-

2,000 h.p. or less	\$14.00 per h.p.
4,000 h.p. or less	13.40 per h.p.
6,000 h.p. or less	12.50 per h.p.
8,000 h.p. or less	12.00 per h.p.
10,000 h.p. or less	11.50 per h.p.
All over 10,000 h.p.	11.00 per h.p.

The contract was duly executed by both parties.

SIR ADAM BECK'S ADDRESS IN BROCKVILLE, APRIL 7th, 1911

Sir Adam Beck appeared in Brockville and outlined the Commission's plans for furnishing electric power to the municipalities between Kingston and Morrisburg. Sir Adam presented the contract, the terms of which are outlined above. He said that the estimated capital investment of the Waddington plant was \$652,000. and that the Company would agree to deliver power 5,000 h.p. in ten (10) months.

Sir Adam gave three schedules of rates:

firstly: amount of horsepower asked for; secondly-providing for an increase of 50%; thirdly, an increase of 100%, as follows:-



PROPOSED RATES FOR THE YEAR 1911

The following rates were submitted to the Commission in the Spring of 1911, including the municipalities of Brockville and North York as far as the Commission is concerned, and the rates for the year 1911.

The Commission called for delivery of power at

20,000 volts as follows:-

10,000 h.p. or less	10.00 per h.p.
10,000 h.p. or less	11.00 per h.p.
10,000 h.p. or less	12.00 per h.p.
10,000 h.p. or less	13.00 per h.p.
10,000 h.p. or less	14.00 per h.p.
10,000 h.p. or less	15.00 per h.p.
10,000 h.p. or less	16.00 per h.p.
10,000 h.p. or less	17.00 per h.p.
10,000 h.p. or less	18.00 per h.p.
10,000 h.p. or less	19.00 per h.p.
10,000 h.p. or less	20.00 per h.p.

The contract was duly executed by both parties.

PROPOSED RATES FOR THE YEAR 1912

Mr. Adam Beck appeared in Brockville and one of the Commission's plans for furnishing electric power to the municipalities between Kingston and North York. He presented the contract, the terms of which are outlined above. He said that the estimated capital investment of the Waterworks plant was \$200,000. and that the Company would agree to deliver power 2,000 h.p. in ten (10) months.

Mr. Adam Beck gave three candidates of rates:

Firstly, amount of horsepower asked for; secondly, providing for an increase of 5% in 1912, an increase of 10% in 1913, and



SIR ADAM BECK'S ADDRESS IN BROCKVILLE, APRIL 7th, 1922 (cont'd)

Kingston	1,200 h.p.	\$29.45	\$23.76	\$15.20
Napanee	200 "	36.23	28.44	22.09
Lansdowne	100 "	55.33	34.13	26.81
Brockville	1,000 "	20.40	17.49	15.37
Lyn	100 "	22.43	18.83	16.31
Prescott	500 "	18.17	15.86	13.50
Cardinal	100 "	16.18	14.50	12.90
Morrisburg	2,000 "	16.18	12.03	11.67
Athens	75 "	30.07	30.05	24.60

AGREEMENTS WITH MUNICIPALITIES

In the year 1912 the Commission entered into contracts with Prescott, Winchester and Brockville, in 1913 with Chesterville and in the Fall of 1914 with Williamsburg.

The contracts with the first four municipalities are set out in full in the 1914 Statutes, confirmed by 4 Geo. V Chp. 18, sec. 10. It is to be noted that these contracts followed the forms of the original contracts of the Niagara System. Each contract contains a schedule which sets out the quantity of power applied for in horsepower, the cost of power at the point of delivery to the Commission, the voltage at which the power is to be delivered and an estimate of the maximum cost of power ready for distribution in the municipality and estimate of the proportionate cost of line construction, transformer station, line loss, renewals, etc.

Attached to this memo. at page 20 is a copy of these schedules attached to the agreement between the Commission and the municipalities which shows clearly the estimates upon which the original four municipalities on this system entered





Page #4.      STATEMENT OF FACTS - ST. LAWRENCE SYSTEM

AGREEMENTS WITH MUNICIPALITIES (cont'd)

into their contracts. The contracts tie both parties to the estimates contained in these schedules. Section 2-a provides that the municipality shall pay to the Commission the price set forth in column 3 of the schedule, etc.

It is to be noted that the costs of power at the source of supply as set out in the schedule are based upon the price contained in the contract between the Commission and the New York and Ontario Power Company.

Attention is drawn to Exhibit #6 of the Report of Messrs. Price, Waterhouse & Company, which sets out the important provisions of the agreements between the Commission and the municipalities of Brockville and Prescott.

The matter of the supply of power to Williamsburg is commented upon on a later page.

Pursuant to the agreement with the New York and Ontario Power Company and the agreements with the municipalities the Commission proceeded to build lines to serve the municipalities. Power was delivered to Prescott in December, 1913, to Winchester and Chesterville in 1914, and to Brockville and Williamsburg in 1915. In November, 1914, arrangements were made to supply Williamsburg with power from the low tension line through Morrisburg the power for this purpose being purchased from Morrisburg at a rate of \$14.00 per horsepower.





HISTORY OF SUPPLY OF POWER ON SYSTEM -  
NEW YORK AND ONTARIO POWER COMPANY

The New York and Ontario Power Company early got into difficulties. In order to fulfill its agreement with the Commission it made an arrangement for the leasing of a water-power in Morrisburg, owned by the municipality and capable of delivering 500 to 600 horsepower. It is understood that the plant was in such a condition that service was never good. The Commission took its supply through this Company from this plant during the years 1913, 1914, and 1915. The Company got into financial difficulties with the municipality of Morrisburg, refusing to meet its obligations with the Corporation and the plant was taken from them.

In April 1915 the Company went to Iroquois where a 500 h.p. plant, owned by the Beach Company, was already developed. They drew up an agreement with the Beach Company to deliver power, and the Company constructed a substation adjacent to the Beach Company's plant, to step the power up and deliver same to the Commission. Under these conditions another year passed, and the Company again defaulted in its payments to the Beach Company. The result of the differences and difficulties encountered between the two companies was that the agreement for delivery of power to them was terminated, and the Commission was left without a supply of power. The Company, which operated during this period, went under the name of the Rapids Power

THE [illegible] OF [illegible]

# THE [illegible]

[illegible text]

[illegible text]



HISTORY OF SUPPLY OF POWER ON SYSTEM. (cont'd)

Company and was a subsidiary to the New York and Ontario Power Co. It made an assignment and the Commission bought the electrical apparatus owned by the Company at Iroquois and used for stepping up power.

BEACH COMPANY

In April 1916 the Commission finding itself without power began to take up negotiations directly with the Beach Power Company at Iroquois. It is claimed by officers of the Commission that the Company first asked a price of \$20.00 while they had been delivering to the Rapids Power Company previously at \$10.00. The Commission offered the Company \$12.00 and finally the Company lowered their price to \$15.00 but would never concede any further reduction.

The officers of the Commission state that the Commission was prepared at that time to enter into a ten-year contract for power from this Company on the understanding that the Company would proceed to make further 1000 h.p. development at their plant. At the time there was 500 h.p. installed. No agreement as to the price of power was arrived at. The Company continued to deliver power from 1st April, 1916, to 30th April, 1919,





HISTORY OF SUPPLY OF POWER ON ST. LAWRENCE SYSTEM - BEACH COMPANY

During this period the Company billed the Commission at the rate of \$16.00 and the Commission paid the Company at the rate of \$12.00. The present litigation with the Beach Company is commented upon at a later page.

The Commission claim that the service given by the Company was very poor, that it was very irregular and that, in 1917 when the total load demand of the municipalities increased to 1000 h.p., an amount considerably above the capacity of the Beach plant, it was necessary to parallel the municipal steam plant of Brockville with the Commission's power supply from Iroquois, in order to meet the demands of the municipalities.

During this period the Commission made no effort to make any extension to the line to supply additional customers on account of the insufficiency of power.

CEDAR RAPIDS TRANSMISSION COMPANY.

During 1916 and 1917 the Commission made a survey of Eastern Ontario for the purpose of determining the sources from which power could be obtained in large quantities and the probable market. Finally arrangements were made for a supply of power from the Cedar Rapids Transmission Company, located at Cornwall. The negotiations included a number of interviews with the Department of Railways and Canals, Ottawa, resulting in the Dominion Government ordering the Cedar Rapids

# THE HISTORY OF THE UNITED STATES

1776

The first of the thirteen original states to ratify the Constitution was Delaware on December 7, 1787. It was followed by Pennsylvania on December 12, 1787, and New Jersey on December 18, 1787. The remaining states followed in the following order: New York, Maryland, Virginia, North Carolina, South Carolina, and Georgia.

The process of ratification was a long and difficult one, requiring the approval of nine of the thirteen states. The Constitution was finally ratified on September 17, 1787, at the signing of the document in Philadelphia. The ratification process was a key moment in the history of the United States, as it established the framework for the new government.

## THE CONSTITUTION

The Constitution is the supreme law of the United States. It outlines the structure of the federal government, the powers of each branch, and the rights of the citizens. The Constitution is a living document, and it has been amended many times since it was first written. The amendments have helped to adapt the Constitution to the changing needs of the country.



CEDAR RAPIDS TRANSMISSION COMPANY (cont'd)

Company to deliver power to the Commission, <sup>he</sup> contention being that as long as there was a demand for power in Canada, Canadian power would not be transmitted to the United States. <sup>the</sup> Cedar Rapids Company is supposed to be a subsidiary of the Aluminium Company of America and during <sup>the</sup> ~~the~~ IV period all its available output of power was being taken by the works of the latter company at Messina. The President being Mr. T.A. Stoughton, who lives in Pottsdam, New York.

The Commission constructed a 110,000 volt line during the years 1918 and 1919, from Cornwall to Brockville and erected a transformer station about three miles below Cornwall.

There was a great deal of controversy between the Commission and the Cedar Rapids Company after the order referred to had been made by the Dominion Government. A great deal of controversy was raised over the price to be paid. According to officers of the Commission, the Commission contended that \$11.00 was a fair price; the Company wanted \$15.00. The Dominion Government finally supported the Company, and in April, 1919, the matter was closed by the Company writing the Commission a letter setting out the basis under which power would be delivered to the Commission until the end of the year, at which time the quantity of power required by the Commission would be known and set out <sup>as</sup> ~~as~~ firm power in the contract. (Letter of April 19th, 1918 with the form of contract attached thereto is set out as Exhibit #28, part No. 2 of this Brief)

Statement of Mr. J. H. ...

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The Commission estimated a 110,000 volt line

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STATEMENT OF FACTS - ST. LAWRENCE SYSTEMCEDAR RAPIDS TRANSMISSION CO. (cont'd)

The Commission continued to take power from the Company during the following year, 1920, without the matter being directly taken up by the Company again. The Commission was still taking such power as it needed and paying for same as it took the power. In 1921 the matter came up again and certain letters passed between Messrs. McCarthy and McCarthy, solicitors for the Company, and the Commission but the understanding was not changed. The latest correspondence from the Company suggests that the Commission should continue to take power under the present indefinite arrangements until the end of 1922 at which time a firm contract will be drawn up and duly executed.

By way of summary the dates, names of companies and rates per horsepower paid by the Commission from December, 1913, to date are set out hereunder:-

From Dec. 1913 to March 31, 1916	-New York & Ontario Power Company	\$14.00 per h.p.
From Apr. 1, 1916, to Apr. 30, 1919	-M.F. Beach-Iroquois, Ontario	\$12.00 per h.p.
From May 1, 1919 to Oct. 31, 1921	-Cedar Rapids Trans-mission Co. Ltd.	\$15.00 per h.p.
From Apr. 1, 1915 to Dec. 31, 1920 and intermittently since	-Village of Morrisburg, (for power supplied to municipality of Williamsburg only)	\$14.00 per h.p.

LITIGATION WITH BEACH COMPANY

It has been pointed out that during the period 1916 - 1919, the Commission was buying power direct from the Beach Company. The Company was rendering bills to the Commission

CONFIDENTIAL - SECURITY INFORMATION

The following information is being furnished to you for your information only.

The information contained in this document is classified "CONFIDENTIAL - SECURITY INFORMATION" because it contains information the disclosure of which could result in the identification of sources of information or the disclosure of information that could be of value to the enemy.

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On 12 June 1952, the subject was again arrested.

On 12 June 1952, the subject was again arrested.

On 12 June 1952, the subject was again arrested.

The subject was not charged.

Company suggests that the Commission should consider the fact

that there are present indications of movements until the end

of 1952 at which time a time contract will be drawn up and duly

executed.

By way of summary the facts, nature of operations

and other pertinent data of the Commission from December, 1951,

to date are set out hereunder:

From Dec. 1951 to March 1952 - New York & Chicago \$14.00 per h.p.

From Apr. 1, 1952, to Apr. 30, 1952 - New York & Chicago \$15.00 per h.p.

From May 1, 1952, to Oct. 31, 1952 - New York & Chicago \$16.00 per h.p.

From Nov. 1, 1952, to Dec. 31, 1952 - New York & Chicago \$17.00 per h.p.

From Jan. 1, 1953, to Feb. 28, 1953 - New York & Chicago \$18.00 per h.p.

From Mar. 1, 1953, to Apr. 30, 1953 - New York & Chicago \$19.00 per h.p.

From May 1, 1953, to June 30, 1953 - New York & Chicago \$20.00 per h.p.

From July 1, 1953, to Aug. 31, 1953 - New York & Chicago \$21.00 per h.p.

From Sept. 1, 1953, to Oct. 31, 1953 - New York & Chicago \$22.00 per h.p.

From Nov. 1, 1953, to Dec. 31, 1953 - New York & Chicago \$23.00 per h.p.



LITIGATION WITH BEACH COMPANY (cont'd)

At \$16.00 per h.p. and the Commission was paying the Company on the basis of \$12.00 per h.p. It is claimed by the officers of the Commission that, when the Company threatened to cut off the power supply in 1916 when the \$16.00 rate was not agreed upon, the Commission wrote the Company a letter stating that if the power were disconnected, the Commission would be forced to take steps to have it restored, and offered the Company \$13.00 a horsepower as a concession in order to conclude the dispute. Later on a valuation was made of the Company's plant and a price of \$30,000., claimed to be in excess of the replacement value and also in excess of the amount of money invested in the actual development was offered. The Company wanted \$50,000. The power supplied during the 1916-1919 period was 450 to 550 h.p.

In April, 1919, after the Commission had made arrangements for power to be delivered at Cornwall from the Cedar Rapids Company, notice was sent to the Beach Company that their power would be discontinued, and on May 1st, 1919, the Commission terminated its connections with the Beach Company. The Beach Company have since continued to bill the Commission for the difference between the power bills as submitted by them and the amount paid by the Commission. They finally entered a Court action for the amount claimed to be due - approximately \$6,000.00.





LITIGATION WITH BEACH COMPANY (cont'd)

The matter after having had some consideration by the solicitors of both parties has now been submitted to arbitration and Tuesday, November 28th, 1922, is the date fixed for the arbitration.

PRESENT CUSTOMERS AND LOADS

Between 1914 and 1920 no municipalities or other customers were added to the St. Lawrence System. In 1920 contracts were entered into with five new municipalities: Alexandria, Maxville, Apple Hill, Lancaster, Martintown. On Page #5 of Price Waterhouse & Company's report there is set out the names of the ten municipalities and two other consumers, taking power from the System as of 31st October, 1921, together with the date upon which the contracts were entered into and the date upon which power was first delivered.

The load on the System as of 31st October, 1921,

is as follows:-

Brockville	-	1,038.8h. h.p.	
Chesterville	-	132.0	"
Prescott	-	223.8	"
Williamsburg	-	6.7	"
Winchester	-	90.4	"
Alexandria	-	158.0	"
Apple Hill	-	14.7	"
Lancaster	-	22.7	"
Martintown	-	10.8	"
Maxville	-	32.0	"
Howard Smith			
Paper Co.	-	1,246.6	"
(Toronto Paper)			
Cornwall Pulp			
& Paper Co.	-	11880.7	"
		4,857.2	"

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Page #12.

STATEMENT OF FACTS - ST. LAWRENCE SYSTEM

CORNWALL PULP AND PAPER COMPANY

Attention is drawn to the report of Messrs. Price, Waterhouse & Company with reference to Cornwall Pulp and Paper Company (see pages #9, and #10).

It is to be noted that power was supplied to the Company on and after 26th May, 1921, and that the Commission did not have at that date a copy of the Bond required by the agreement to be furnished. Inquiry should be made as to why power was delivered to the Company, before the bond had been furnished as required.

A copy of the contract with the Cornwall Pulp and Paper Company is available but is not contained in Part #2 of the Brief as an exhibit. It is to be noted that the contract calls for a delivery of 2,000 h.p. and provision for additional horsepower up to 10,000, at a rate of \$25.00 per horsepower.

FINANCIAL REPORT

The report of Messrs. Price, Waterhouse & Company sets out all the particulars having to do with the financial position of the System. Attention is drawn to the statement of the capital investment in the System of \$854,193.53 on page #4. Over 60% of this amount has been expended during the last three years in consequence of the transfer of the source of supply of power from Inequois to Cornwall, necessitating the construction of a new

1. The report of the Committee on the subject of the proposed

purchase of the property by the proposed company, and the

it is to be noted that the proposed company was supplied to  
the company on and after 1900, 1901, and 1902, and that the  
did not have at that time a copy of the proposed company of the  
agreement to be furnished. The company should be supplied to the  
power was delivered to the company before the proposed company  
furnished as required.

A copy of the contract with the proposed company  
and the proposed company is available for the use of the  
at the time of the purchase. It is to be noted that the proposed  
calls for a delivery of 1,000 H.P. and provides for the delivery  
hereafter up to 10,000 at a rate of \$10.00 per horsepower.

The report of the Committee on the subject of the proposed  
purchase of the property by the proposed company, and the  
it is to be noted that the proposed company was supplied to  
the company on and after 1900, 1901, and 1902, and that the  
did not have at that time a copy of the proposed company of the  
agreement to be furnished. The company should be supplied to the  
power was delivered to the company before the proposed company  
furnished as required.



FINANCIAL REPORT

110,000 volt line and a new transformer station at Cornwall.

Renewals

Attention is also drawn to the Reserve for renewals account (see page #14 of Price, Waterhouse report), and to the fact that in 1921 the Commission on the advice of its engineers reduced the renewal rate, carrying it back to the commencement of the operation of this system in 1912, thus crediting the System with an amount of \$17,709.88, which would otherwise have stood as part of the accumulated deficit.

Sinking Fund

Attention is drawn to page #16 of Price, Waterhouse report with regard to sinking fund and to the fact that sinking funds have been duly charged against the municipalities in accordance with the Power Commission Act.

Result of Operation

According to the report of Mr. G. T. Clarkson accumulated deficit as of 31st October, 1920, was \$34,270.21. As a result of the adjustment of the renewal rate referred to the accumulated deficit, according to Mr. Clarkson, as of 31st October, 1921, amounted to \$18,635.74.

Attention is drawn to the report of Messrs. Price, Waterhouse & Company, page 20 to page 22 and to their comment upon this deficit, pointing out that in some cases the deficit against the municipalities extends back to the commencement of operation in 1914 - 1915.

Aside from the question of the merits of the reduction of the renewal rate, it is clear that the financial condition of this System would be very serious had the reduction

THE SECRETARY OF THE ARMY

WASHINGTON, D.C.

1914

Attention is drawn to the fact that the

Department has received information that

the following information has been received

from the Department of the Interior

that the following information has been received

from the Department of the Interior

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Page #14 STATEMENT OF FACTS - ST. LAWRENCE SYSTEM

FINANCIAL REPORT (cont'd)

in renewal rate not been made and the resulting adjustment credited to the municipalities.

Attention is also drawn to the estimate of additional funds required for construction - \$396,000. referred to on Page #6 of Price, Waterhouse report.

COST OF POWER

Attention is drawn to Page #13 of Messrs. Price, Waterhouse report with regard to the cost of power to the new municipalities added to the System within the past two years. The fact that it costs \$337.63 per horsepower to serve Lancaster is commented upon as an example.

POWER RATES TO MUNICIPALITIES

Attention is drawn to Exhibit 1a of Messrs. Price, Waterhouse report analysing the report for the municipalities and giving horsepower, rates and interim rates charged each municipality since the commencement of operation.

"PROMOTION OF BUSINESS"

Attention is drawn to Statement "C" contained in the Report of the H.M.P.C. for the year 1921, setting out the revenue and expenditure of each system. On Page #421 the municipalities on the St. Lawrence System are set out. Attention is drawn to the item "Promotion of Business" and to the fact that Brockville is the only municipality which has been charged

THE UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE

IN COMMERCE WITH THE UNITED STATES AND WITH FOREIGN COUNTRIES

OFFICE OF THE SECRETARY

SECTION IN CHARGE OF THE BUREAU OF

COMMERCE AND TRADE

WASHINGTON, D. C.

1917

SECTION IN CHARGE OF THE BUREAU OF

COMMERCE AND TRADE

WASHINGTON, D. C.

1917

SECTION IN CHARGE OF THE BUREAU OF

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WASHINGTON, D. C.

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COMMERCE AND TRADE

WASHINGTON, D. C.

1917

SECTION IN CHARGE OF THE BUREAU OF

COMMERCE AND TRADE

WASHINGTON, D. C.

1917



"PROMOTION OF BUSINESS"(Cont'd)

with an amount under this heading (\$1696.63) in 1921 and to the fact that the System as a whole has been charged in the column headed "summary" with a much larger amount(\$3825.11) in 1921. Aside from requiring the explanation of exactly what charges are called "Promotion of Business", inquiry should be made as to why Brockville is the only municipality charged with an amount under this item, and as to what municipality is charged with the difference between the amount shown against Brockville and the amount set up in the summary. The people in Cornwall have an idea that the expenses of Mr. Jeffery and Mr. Hannigan during the strenuous campaign in Cornwall, were paid for and charged to the municipalities or the System under this head.

There follows a statement of fact as to the relations between the Commission and the town of Cornwall, Winchester and Maxville containing information abstracted from the files of the Commission with respect to the Municipalities.





## 211

Name of Municipality	Quantity of Power applied for H.P.	Cost of Power at point of delivery to Commission	No. of Volts	Estimate maximum cost of power ready for distri- bution in municipality	Estimate proportionate part of cost to construct transmission line, trans- former station and works for nominally H. P. with total capacity of	Estimate proportionate part of line loss and of part cost to operate, main- tain, repair, renew and in- sure transmission line, transformer station works for nominally H.P. with capacity of
Bethlehem	1,000	\$13.40	18,200	\$24.04	\$76.950	\$7,077
Cott	300	"	18,200	24.54	30,594	1,886
Hartsville	30	"	4,400	35.00	10,224	487
Hester	100	"	4,400	24.00	7,280	638





## MEMORANDUM

### RELATIONS BETWEEN THE TOWN OF CORNWALL AND THE HYDRO ELECTRIC POWER COMMISSION

The relations of the Town of Cornwall with the Hydro Electric Power Commission dated back to March 1906 when the Town petitioned the Lieutenant-Governor, urging the necessity of the Government proceeding to establish a plant at Niagara Falls, for the purpose of developing electric power for distribution to Ontario municipalities. Nevertheless the Town of Cornwall has never had any direct relations with the H.E.P.C. and the Town of Cornwall and the public utilities there are supplied with power by private interests.

### POWER COMPANIES AT CORNWALL

In 1895, the Town of Cornwall gave a twenty year franchise to the Cornwall Street Railway Light and Power Company. This franchise was extended in 1914 for a further period of twenty years, that is, until the nineteenth of October 1934.

In 1887, the Town gave a franchise to the Stormont Light, Heat and Power Company for fifteen years, granting the exclusive right to transmit and distribute electricity for light, heat and power within the municipality. When this contract expired in 1902 it was evidently renewed for a period of ten years or until 1912.

STANDARD

STANDARD POWER OF THE CITY OF ST. LOUIS  
AND THE WEST MISSOURI POWER COMPANY

The following is a copy of the report of the  
Electric Power Commission of the State of Missouri  
for the year ending December 31, 1935.

According to the Government proceeding to establish a  
plant at Niagara Falls for the purpose of producing  
electric power for distribution to the State of Missouri.  
Nevertheless the State of Missouri has never had any  
real relations with the U.S.A. and the State of Missouri  
and the public utilities there are supplied with power by  
private companies.

STANDARD POWER OF THE CITY OF ST. LOUIS

In 1935, the Town of Council Bluffs gave a twenty year  
franchise to the Council Bluffs Electric Light and Power  
Company. This franchise was renewed in 1955 for a twenty  
period of twenty years, that is, until the expiration of  
October 1955.

In 1937, the Town gave a franchise to the Council  
Bluffs Electric Light and Power Company for fifteen years, granting  
the exclusive right to transmit and distribute electricity  
for light, heat and power within the municipality. This  
franchise expired in 1952 it was not renewed because the  
a period of ten years or until 1952.



- 2 -

In January 1912, John A. Chisholm, Barrister, was Mayor at Cornwall, he was again Mayor in 1921, and is the present Mayor. Mayor Chisholm in 1912 asked the H.E.P.C. to send literature to him regarding the operation of electrical plants under municipal ownership and strongly urged that Sir Adam Beck should come to Cornwall to oppose a by-law, which was being submitted to the electors to extend the franchise of the Stormont Company for a further period of ten years. Sir Adam Beck did not go to Cornwall, but Messrs. Acres and Yates visited Cornwall and had a conference with the Town Council and the Board of Trade. Mayor Chisholm wrote Chief Engineer Sothman in April 1922 "I am making my fight for a square deal so far as my town is concerned. The proposal of the Stormont Company has been before our people since March 11th last. As yet I am not able to show by definite facts and figures that the H.E.P.C. can do any better, if as well."

It was understood that the by-law extending the franchise was approved by the electors in the Summer of 1912, but that the franchise was limited to an exclusive franchise for street lighting, expiring on the 1st of July 1923.

Between 1915 and 1919 there is considerable correspondence on the files of the H.E.P.C. showing that the Town of Cornwall





was ready and willing, indeed anxious to get a supply of electric power from the H.E.P.C.. In the Spring of 1918 the Commission commenced the construction of the transformer station, three miles below Cornwall. In the Spring of 1919 Mr. Gaby advised the Cornwall Terminal Company, the Company which does the switching of freight cars on the Street Railway, that it could have power from the H.E.P.C. on the following terms: \$37.00 for 150 H.P., \$34.94 for 200 H.P., 600 volts. (See Exhibit No.7).

For many years then the public utilities in Cornwall have been under the control of private companies. Two companies supply power, the Stormont E.L. & H. Co. and the St. Lawrence Power Co. The former is under the control of the Sun Life Assurance Co. and operates and controls the Cornwall Street Railway, the local gas company and the exclusive franchise for street lighting. The St. Lawrence Power Company is supposed to be under the control of the Cedar Rapids Co. (Aluminum Trust Co). The Stormont Co. does almost all the retail lighting business in the municipality; it owns and operates a distribution system within the municipality and also owns a small power house on the canal banks capable of developing 100 h.p. The Company purchases the bulk of its power from the St. Lawrence Power

the same as the other, being subject to the same conditions.

power from the E.R.P. In the Spring of 1919 the Commission  
commenced the construction of the transformer station, three  
miles below Cornwall. In the Spring of 1919 Mr. G. W. G. G.  
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switching of freight cars on the Street Railway, that is  
could have power from the E.R.P. on the following terms:  
\$37.00 for 150 H.P., \$34.00 for 200 H.P., 600 volts. 1920  
Exhibit No. 7.

For many years then the public utilities in Cornwall  
have been under the control of private companies. The  
companies supply power, the Cornwall E.R.P. Co. and the  
St. Lawrence Power Co. The former is under the control of  
the St. Lawrence Power Co. and operates all controls the  
Cornwall Street Railway, the local gas company and the  
electric franchise for street lighting. The St. Lawrence  
Power Company is expected to be under the control of the  
Oder Light Co. (Aluminum Trust Co.). The Cornwall Co.  
does almost all the retail lighting business in the mun-  
cipality; it owns and operates a distribution system with-  
in the municipality and also owns a small power house on  
the canal banks capable of developing 150 H.P. The company  
purchases the bulk of its power from the St. Lawrence Power



Company. The rates charged by the Company are set out in the agreement included in part Two as exhibit No.20.

The St. Lawrence Company owns and operates a 2500 H.P. plant several miles up the river at the head of the Cornwall Canal, opposite Milles Roches. The Company also had a 110,000 volt sub-station on the lines of the Cedar Rapids Transmission Company and attains a considerable supply of power from this source. The Company supplies a number of industries in Cornwall with power by means of transmission lines running direct to the industrial sites; its distribution system is very limited and there seems to be a working arrangement with the Stormont Company where by the St. Lawrence Company looks after such industrial customers as the Stormont Company cannot take care of.

The H.E.P.C. delivers power to the Howard Smith Paper Mills Limited (The Toronto Paper Co), located on the outskirts of the Cornwall, and during 1921 delivered a considerable block of power to the Cornwall Pulp and Paper Co. located in the municipality. At the present time the H.E.P.C. has no customer within the limits of the Town of Cornwall.

#### CAMPAIGN OF DECEMBER 1919.

In December 1919 the relations between the Town of Cornwall and the H.E.P.C. became very active and in some quarters somewhat strained. The Stormont Company, although





- 5 -

its franchise did not expire until July 1923, had acquired an option on a block of power expiring January 1st 1920, and asked that the franchise of the Company be extended for a period of ten years from that date. A formal agreement was drawn up, duly executed and submitted to the electors for ratification. In addition to granting the exclusive franchise of street lighting, the agreement fixed the lighting rates to private consumers, the power rates and the gas rates which the Company should charge during the period of the agreement.

The H.E.P.C. seems to have been drawn into the campaign on the invitation of the Central Labor Union of Cornwall, which urged the personal attendance of Sir Adam Beck. Mr. Peeling, Manager of the Stormont Company, and Mr. Jeffrey met on the public platform in Cornwall in December, and excerpts from the verbatim report of the meeting are included in exhibit No. 8.

A more complete memorandum on this campaign, and a copy of the by-law as submitted to the people, is included in part Two of exhibit No. 8. Attention is directed to the address of Colonel (now Mr. Justice) Smith in favor of the by-law and to the statement of Mr. Jeffrey that if the Hydro came to Cornwall the rates would be twenty-five (25) per cent lower than the rates offered by the Company.

John A. Chisholm vigorously opposed this by-law and it was defeated by a narrow margin.

The Government has the honor to acknowledge the receipt of your letter of the 10th inst. in relation to the proposed amendment to the Constitution of the United States. The Government is deeply interested in the proposed amendment and is giving it the most careful consideration. It is the policy of the Government to give every amendment to the Constitution the most careful consideration and to give it the most prompt consideration. The Government is deeply interested in the proposed amendment and is giving it the most careful consideration. It is the policy of the Government to give every amendment to the Constitution the most careful consideration and to give it the most prompt consideration.

The Government is deeply interested in the proposed amendment and is giving it the most careful consideration. It is the policy of the Government to give every amendment to the Constitution the most careful consideration and to give it the most prompt consideration. The Government is deeply interested in the proposed amendment and is giving it the most careful consideration. It is the policy of the Government to give every amendment to the Constitution the most careful consideration and to give it the most prompt consideration.

A more complete consideration of the proposed amendment is being given. The Government is deeply interested in the proposed amendment and is giving it the most careful consideration. It is the policy of the Government to give every amendment to the Constitution the most careful consideration and to give it the most prompt consideration. The Government is deeply interested in the proposed amendment and is giving it the most careful consideration. It is the policy of the Government to give every amendment to the Constitution the most careful consideration and to give it the most prompt consideration.



4 6 -

JENCKES SPINNING COMPANY

During the campaign in December 1919, it was urged by citizens supporting the by-law to extend the Stormont Company's franchise that the H.E.P.C. was responsible for the failure of the Jenckes Spinning Co., an American firm <sup>to</sup> which located its Canadian factory in Cornwall. Mayor Fetterly wrote to the H.E.P.C. with regard to the charge (See Exhibit No.9), and after the plebiscite, G. F. Brewry, on behalf of the H.E.P.C. replied to Mayor Fetterly denying that the H.E.P.C. were responsible, and quoting the rates which had been furnished the Company. (See Exhibit No.9-a) It is to be noted that the rate quoted was approximately \$23.00 for a block of from 1500 to 3600 H.P. delivered at 44,000 volts. Reference is also made to this Company in Exhibit No.8 -- Report of Public Meeting in Cornwall. .

RELATIONS DURING 1920.

The year 1920 seems to have brought a change in public sentiment in Cornwall. The difficulty seems to have been that several industries contemplated locating in Cornwall but were driven elsewhere by the high priced quotations furnished them by the H.E.P.C.; the Jenckes Spinning Co. referred to above is one example. A Pulp Company, promoted





- 7 -

by A. E. Matthews and James Playfair, and known as the Cornwall Terminal Company, contemplated locating in Cornwall, but found that the price of \$28.50, quoted by the H.E.P.C., prohibitive. On November 11th, 1920, Sir Adam Beck telegraphed Arthur Robertson, of the Board of Trade, "Have not sufficient quantity of power left in contract for supply of Cornwall district with 5,000 H.P. In the same month the H.E.P.C. was obliged to inform the Cornwall Terminal Company that they could not enter into a contract with the Company at any price until a further supply of power was obtained.

#### CAMPAIGN OF 1921

A local situation with regard to the paving of the main street in Cornwall was the cause of the submission, in July 1921, of a second by-law, extending the street lighting franchise of the Stornont Company. John A. Chisholm had been elected Mayor for the year. It seems that the United Counties had agreed to expend \$52,000 on the paving of this main street (Pitt Street), but that the Council took the view that it would be useless to put down new pavement until some shock absorbing device was constructed, to check the abnormal vibration, caused by the switching of heavy freight cars upon the tracks of the Street Railway. Accordingly





Mayor Chisholm endeavoured to get the Stormont Company to construct such a sunken curb, along each side of the tracks, as would ensure the new pavement against premature decay. In February, T. B. Macaulay, President of the Sun Life Company offered to expend \$40,000 in constructing the sunken curb, putting in heavier rails etc. on the consideration that the Street Lighting franchise, which had been defated the previous year, should be extended for a further period of ten years (For letter of Mr. Macaulay see Exhibit No.11)

The course of the negotiations between the Company and the Town are set out in report of the meeting in Cornwall July 4th, 1921, attached hereto as exhibit 22. In view of the fact that Mayor Chisholm is the present Mayor of the Town it is respectfully suggested that this report (Exhibit 22) should be carefully read and noted. Mayor Chisholm refers in his address to his letter of 7th February addressed to Mr. Pope asking for information with regard to the supply of power for the Cornwall. (See Exhibit No.10), and to Mr. Pope's letter in reply (See Exhibit No.12).

Mayor Chisholm and other citizens in Cornwall take violent objection to what they call "the intrusion of the H.E.F.C." into local affairs of Cornwall. At any rate,

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Exhibit No. 11

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Exhibit No. 12

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R. T. Jeffrey again came to Cornwall and addressed public meetings and this time brought with him Mr. Hanigan. The H.E.P.C. were asked to come to Cornwall by the so-called Citizens League, of which Arthur Dextras was Secretary, and Sir Adam Beck ~~came~~ personally wired Dextras "I will endeavour to arrange with you to come down and address any meeting which you may see fit to call". However, Sir Adam Beck did not go to Cornwall

At this point it might be noted that one of the chief supporters of the H.E.P.C. in Cornwall is a man by the name of J. J. Fallon. He took it upon himself to keep the H.E.P.C. informed at all times as to the state of affairs in Cornwall, and a great number of letters are on file exchanged between Mr. Fallon and the H.E.P.C., of which exhibits Nos. 14, 15, 16, 17, 26 and 27 are examples. It is revealed by exhibits Nos. 26 and 27 that Mr. Fallon had been selling cement and possibly other material to the H.E.P.C.. Exhibits Nos. 26 and 27 should be particularly and carefully noted.

The agreement extending the franchise of the Stormont Company for ten years was submitted to the vote of the people on July 8th, 1921, and carried by a small majority.





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Mr. Jeffrey pointed out to the writer verbally that in as much as the Stormont Company now held the Street Lighting franchise in Cornwall, it is unlikely that the H.E.P.C. would consider constructing a competitive distribution <sup>system</sup> in the Town for the next ten years. It should be noted in this connection that aside from the Street Railway franchise which expires in 1934 and the Street Lighting franchise which expired in 1921, no Company has any exclusive franchise in Cornwall, and there is no reason why the H.E.P.C. should not deliver power in Cornwall if it saw fit to do so.





## MEMORANDUM

### The Eugene Phillips Electrical Works Limited.

The Head Office of this Company is located in Montreal. The President is Mr. Lawford Grant, and the Sales Manager who acted on behalf of the Company in the negotiations was Mr. R. H. Balfour. The Company manufactures wire cable and copper rods, and it is understood sells a very large proportion of this output to the Hydro-Electric Power Commission.

The Company has opened an Ontario plant within the last two years and it is the circumstances under which the Brockville site was determined upon, which is the subject matter of this part of the Enquiry. It is contended by the Town of Cornwall that the Commission deliberately discriminated against the Town of Cornwall in quoting "price of power" to the Company with the result that the Company decided to locate in Brockville.

Mayer Shisholm of Cornwall explained the earlier negotiations with this Company in his address, (a copy of which is included in Part 2 of the Brief as Exhibit 22). Mayer Shisholm said in part:

"I stand here as Mayor of this Town to say that a conspiracy has been entered into between the Commission and the Cedar Rapids Company behind the backs, without the knowledge, without the consent, and without the approval of this Municipality or its rate-payers."

# MEMORANDUM

TO: THE BOARD OF DIRECTORS, THE CANTON OF MASSACHUSETTS

FROM: THE BOARD OF DIRECTORS, THE CANTON OF MASSACHUSETTS

The Board of Directors of the Canton of Massachusetts is hereby informed that the Board of Directors of the Canton of Massachusetts has received a letter from the Board of Directors of the Canton of Massachusetts dated January 1, 1914, in which the Board of Directors of the Canton of Massachusetts has requested the Board of Directors of the Canton of Massachusetts to take certain action with respect to the proposed amendment to the Charter of the Canton of Massachusetts.

The Board of Directors of the Canton of Massachusetts has considered the letter of the Board of Directors of the Canton of Massachusetts dated January 1, 1914, and has decided to take the following action: The Board of Directors of the Canton of Massachusetts has decided to refer the proposed amendment to the Charter of the Canton of Massachusetts to the Board of Directors of the Canton of Massachusetts for their consideration and report thereon at the next meeting of the Board of Directors of the Canton of Massachusetts.

Very respectfully,  
The Board of Directors of the Canton of Massachusetts

It is the policy of the Board of Directors of the Canton of Massachusetts to keep the public informed of the progress of the work of the Board of Directors of the Canton of Massachusetts. The Board of Directors of the Canton of Massachusetts has decided to publish a report of the work of the Board of Directors of the Canton of Massachusetts at the next meeting of the Board of Directors of the Canton of Massachusetts.



It appears from the correspondence on file that the Town of Cornwall opened negotiations with the Phillips Company early in February, 1921. There is on file a letter from Mayor Chisholm to the Commission, dated 7th February, 1921, asking for information with regard to the supply of power for Cornwall (See Exhibit No. 10). Mayor Chisholm stated on the platform (See Exhibit No. 22) that he wrote this letter, having the Phillips Company in mind. The Commission made no reply to this letter until Mr. Jeffrey visited Cornwall on the 22nd of February, after Mayor Chisholm had requested the Commission to send an engineer to meet the Company's engineers, the Town agreeing to bear the expense.

There is no evidence on the files to show that the Commission were aware of the Company intending to locate a plant in Ontario until after Mr. Jeffrey's visit to Cornwall on the 22nd of February. The first letter on the Brockville filed with regard to the Company is the letter of March 5th, from J. A. Johnston, Manager of the Public Utilities Commission, to Mr. G. F. Drewry, asking whether or not the Commission had received a request for a price on power from the Company. It is stated that in the two weeks which elapsed between February 22nd and March 5th, the Commission must have advised Brockville of the possible customer in the Phillips Company.

On March 15th, Mr. R. H. Balfour for the Phillips Company, formally requested the Commission to submit prices for delivery for (1) Brockville; and (2) Cornwall. Mr. Balfour refers to his earlier interviews "with your Mr.

is apparent from the correspondence of the  
the form of a general opinion with the Phillips  
company early in February, 1911. There is on file a letter  
two days before the commission was held, the  
1911, asking for information with regard to the  
of power for the company (see Exhibit No. 12).  
Phillips stated on the witness stand (see Exhibit No. 13) that  
those who later, having the right to the company is  
the commission was held on the 14th day of March, 1911.  
The commission was held on the 14th day of March, 1911.  
The commission had requested the commission to send an engineer  
to meet the company's engineers, the Town meeting to have  
the company.

There is no evidence on the files to show that  
commission was made of the company's engineers to locate  
plant in Ontario until after Mr. Johnson's visit to Ontario  
on the 14th of February. The first letter on the Phillips  
file also refers to the company in the letter of March 8th.  
From E. A. Johnston, Manager of the Mobile Utilities Company,  
to Mr. E. W. Newby, asking whether or not the Commission  
had received a request for a price on power from the  
company. It is stated that in the two weeks which elapsed  
between February 14th and March 8th, the Commission must have  
advised Phillips of the probable cost of power in the Phillips  
area.  
On March 14th, Mr. E. W. Newby for the Phillips  
company, formally requested the commission to submit prices  
for delivery for (1) 100,000 kilowatts and (2) 100,000 kilowatts.



Jeffrey in Cornwall, and Mr. Drewry in Brockville, as well as recent interviews with Mr. Gaby in Toronto." (See Exhibit No. 1).

On the 31st March (See Exhibit No. 5) Mayor Chisholm wrote Mr. Pope stating that Cornwall had opened negotiations with the Phillips Company in February, and that the Company had practically decided upon a site in the Township of Cornwall - "I may say here that your Mr. Drewry quoted \$21.00 - \$22.00 to Mr. Robertson, Secretary of our Board of Trade." ( See Exhibit No. 5).

It was not until 8th April that the Commission submitted its first price quotations to the Company. (The letter containing the quotations is set out in full as Exhibit No. 2 ) Between the middle of February and this date, Mayor Chisholm of Cornwall wrote, telegraphed and telephoned many times and could not understand the delay of the Commission in furnishing the quotations.

The quotation of April 8th in brief was a rate of \$35.00 - \$31.00 per H.P. for the Brockville site, and \$27.00 - \$26.00 for the Cornwall site, the variable factors being the same for each Municipality, i. e., a demand up to 1100 H. P. and up to 2500 H. P. at 44,000 volts. It is to be noted that the Commission required a bond in the case of delivery of power in Cornwall. No mention is made of a bond in case of delivery of power in Brockville.

On April 9th Mr. Drewry for the Commission wrote Johnston of Brockville, enclosing a copy of the price quotations

THE BOARD OF DIRECTORS OF THE COMPANY

RESOLVED THAT THE FOLLOWING BE THE POLICY OF THE COMPANY

1911

AN RESOLVED THAT THE FOLLOWING BE THE POLICY OF THE COMPANY

Mr. [Name] stating that [Name] had [Name] [Name] [Name]

and [Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]

and [Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]

"I may say here that your Mr. [Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]

Mr. [Name], Secretary of our Board of Directors

[Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]

It was not until 25th April that the Commission on

altered the first price quotation to the Company. (The latter

containing the provision is set out in full as Exhibit No. 2)

Between the middle of February and this date, many inquiries

of [Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]

and [Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]

and [Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]

The [Name] of April 25th in brief was a rate of

100.00 - 101.00 per H. 1. for the [Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]

102.00 for the [Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]

same for each [Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]

and up to 100 H. 1. at 100.00 [Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]

that the Commission required a bond in the case of delivery

of power in [Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]

case of delivery of power in [Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]

On April 25th Mr. [Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]

London at [Name] [Name] [Name] [Name] [Name] [Name] [Name] [Name]



(Exhibit No. 2), but the Commission did not extend the same courtesy to Cornwall. Mayor Shishelm told the writer that it was not until he received a letter from Mr. Brawry, dated April 18th, in reply to a letter from him, dated April 16th (Exhibit No. 18) and referring to the prospective "locations" of the Company that he had any idea that the Company were considering a site other than Brookville, Cornwall.

It would appear from the correspondence that the Company reviewed the price quotations of the Commission at the alternative sites between April and August, 1921, and the letter of August 20th, 1921 (Exhibit No. 6) is important. It opens with the statement "Referring to your quotation for power supply of April 8th and following up further subsequent discussion on the subject with Mr. Gaby we would request that you now submit to us a draft of proposed contract for the supply of power at Cornwall. " Surely this opening paragraph can only be explained by assuming that the Company had decided to locate in Cornwall, and was asking for a draft contract in accordance with that decision. Indeed, Mr. Pope on the 26th August replied to this letter : " Yours of August 20th respecting power supply for your proposed factory at Cornwall came duly to hand and will be brought to the attention of the Board."

The Board proceeded to consider the matter, and the result of the consideration appears in a letter to dated September 22nd, 1921 (Exhibit No. 3) making a second quotation to the Company. The two quotations (Exhibits 2 and 3) should be carefully compared. Briefly the second quotation





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raised the rate at Cornwall from \$27.00 - \$26.00 to \$33.00-\$29.00, but repeated the same quotation of \$36.00 - \$31.00 for Brockville. The explanation of Mr. Jeffrey to the writer for this revised quotation was that "Of course the Town of Cornwall had carried a By-law extending the franchise of the Stormont Company in July, and in view of that fact it was necessary to raise the rates offered the Company at the Cornwall site."

The revised quotation resulted in the Company definitely deciding to establish their plant at Brockville. The contract was drawn up and executed by the Company in the fall of 1921, and after it had been executed by the Company's officials and forwarded to the Commission, Mr. Pope returned the contract to the Company in February, 1922, stating that a bond was required before the Officers of the Commission would execute the contract. It is to be remembered that neither quotation to the Company required a bond in case of the delivery of power at Brockville, and it would be interesting to know why the Company did not protest at being required to give a bond. A bond nevertheless ( See Exhibit No. 4) was given by the Company and a formal contract between the Commission and the Company was executed. The contract was dated 20th April, 1922, and it is set out in full ( See Exhibit No. 29). The Company began to take power on a production basis in the latter part of October, 1922.





## CHESTERVILLE.

Chesterville, a Village eighteen miles north of Morrisburg, first became interested in Hydro power in October, 1911, when they asked the H.E.P.C. for information in respect to the proposed power scheme in connection with the Ontario and New York Plant at Waddington via Morrisburg, and were sent the usual form of resolution to be passed by the Council. The resolution was passed in July of the following year and as a result Sir Adam Beck gave an address in the Village on October 15th. Later in the year the enabling By-law was passed (for - 85; against - 8).

It appears that a good deal of feeling was aroused in the Village, over the estimate of rates to be charged in comparison with those submitted to the Village of Winchester, and in November 1921 this matter was taken up with the H.E.P.C. It was claimed that while Chesterville was to pay \$44.00 per h.p. and \$13,515.00 as their estimated proportionate share of cost of transmission line, the estimates for Winchester were only \$24.00 per h.p., and \$7,280.00 as their share of cost of transmission line. One result of the protest was a reduction of the price per horse-power from \$44.00 to \$35.00 on the basis

... Village, a Village eighteen miles north  
of ... , lived ... interested in hydro power  
in ... 1911, when they asked the N.E.C. for in-  
formation in respect to the proposed power scheme in  
connection with the Ontario and New York Plant at  
... the ...  
...  
... was passed in July of the following year and  
... a ... the ...  
... later in the year the ...  
... was passed (for - 50; ... - 5).  
It appears that a good deal of feeling was  
... in the Village, over the estimate of rates to be  
... in comparison with those submitted to the Village  
...  
... It was claimed that while ...  
... was to pay ... and ... on their  
... of transmission  
... the estimates for ... were only \$14.00 per  
... of cost of transmission  
... the project was a reduction of the  
... from ... to ... on the basis



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of fifty (50) horse power calculated on a load centre basis.

Estimates of H.E.P.C. engineers as to the cost of light and power system for the village were submitted and a by-law for Five thousand dollars (\$5,000.00) to cover same was drawn up. Yates of the H. E. P. C. addressed a public meeting in support of the by-law and seemingly was of the opinion that it would be a mistake to route power line through Winchester. The result of a voting on the money by-law, May 31st, 1913, was as follows:

For the by-law .....	111
Against.....	21
<hr/>	
Majority for.....	90

Subsequently a contract for a supply of power from H.E.P.C. at \$35.00 per h.p. was accepted by the proper authorities of the Village on July 3rd, 1913.

COST OF POWER:

In 1915 the rate was raised to approximately \$50.00 per horsepower and towards the end of the same year it had reached a price of \$62.00 per horsepower.

of fifty (50) horse power installed on a local contract

Representatives of H.B.C. engineers as to the

cost of light and power system for the village was

admitted and a by-law for five thousand dollars

(50,000.00) to cover same was drawn up. Yates of

the H. B. C. addressed a public meeting in support

of the by-law and accordingly was of the opinion that it

would be a mistake to route power line through Winchelsea

as it would be a waste of money to run the line through the village

on the following

the cost of the line

estimated.....

estimated.....

immediately a contract for a supply of power

from H.B.C. at 100.00 per h.p. was entered by the village

authorities of the village on July 1st, 1911.

in 1915 the rate was raised to approximately

180.00 per horsepower and towards the end of the same

year it had reached a price of 200.00 per horsepower.



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In July 1919, the rate was again increased to \$76.73 per h.p. and in May 1921 to \$85.00 per h.p. (which is, apparently, the rate at present).

The one feature of the Hydro proposition that raised the strongest objection was the route from Morrisburg. It appears that the original plan outlined the route of the power line to pass through Winchester to Russell. Later, the H.E.P.C. decided to route the line through Chesterville to Russell, but it seems that strong representations were made by the Winchester people to the late Sir James Whitney with the result that the original plan was adhered to. Chesterville claims that the most direct line for a trunk line for power transmission between Morrisburg and Russell is via Chesterville and that the line construction via Winchester is at least three miles longer, thus entailing greater expense. Further, that a line constructed via Chesterville would include one more village (Morewood) and could supply power to the villages of Finch and Crysler and the police village of Avenmore and would pass through a thickly populated portion of the counties of Dundas and Russell.

Various reasons are advanced by the H.E.P.C. for these increases. In September, 1915, it was contended that the municipalities were not using the quantity of power on which the original cost was estimated, - "one of the large

In July 1919, the rate was again increased to \$75.00 per h.p. and in May 1921 to \$85.00 per h.p. (which is, apparently, the rate in 1921).

The one feature of the Hydro proposition that attracted the strongest objection was the route from Worcester to the power line to the power plant. It appeared that the original plan outlined the route from the power line to the power plant via the route through Cheshamville to Russell, but it seems that strong representations were made by the Winchester people to the late Sir James Whittaker with the result that the original plan was abandoned and the route from the power line to the power plant via the route through Cheshamville and then the line connection via Winchester is at least three miles longer, thus entailing greater expense. Furthermore, that a line constructed via Cheshamville would include one more mile (Horsewood) and would supply power to the villages of Alton and Datchet and the police village of Weymouth and would pass through a thickly populated portion of the counties of Bucks and Russell.

Various reasons are advanced by the A.E.P.C. for these increases. In September, 1915, it was contended that the municipalities were not raising the quantity of power or obtaining original cost was estimated - some of the larger



items in the cost of power to you is the cost of transmission. This cost varies nearly inversely with the amount of power taken." Later in the same year H.E.P.C. stated, that owing to a change of conditions, the plan to instal a step-down station at Chesterville with the expectation that the line would extend to Russell, was not carried out, and it was found more economical to transmit the power low tension from Winchester station. The inability of the H.E.P.C. to find a sufficient load in the vicinity of Chesterville to offset the high charges was given as a reason, as well as the unsatisfactory source of power on the St. Lawrence System.

#### FINANCES:

In July, 1920, the Village complained that while the power account bills for March, April and May amounted to \$503.34 the collections for the same period amounted to only \$474.80.

In October, 1917, there was a balance of \$1637.41 owing to the H.E.P.C. on the construction account, and later in the year a by-law for \$1,500.00 was passed for the purpose of raising debentures for paying off this debt.

In 1919 the operating deficit was \$1,039.37 but in 1920 this had been converted into a profit of \$363.05.

In 1921 the operation account shows a net loss of \$826.97.

In July 1922 it was suggested that \$4,000.00 be raised apparently for Hydro purposes.

items in the cost of power to you in the cost of transmission.  
This cost varies nearly inversely with the amount of power transmitted.  
Later in the same year R. M. S. stated, that owing to a change of  
conditions, the plan to install a step-down station at Des Moines  
carried out, and it was found more economical to transmit the  
power low tension from Winchester station. The installation of  
the R. M. S. to find a suitable line in the vicinity of Des Moines  
will be done. The cost of the line is estimated to be  
the satisfactory source of power on the St. Lawrence system.

Summary

On May 1901 the St. Lawrence system had a balance of \$1,000.00  
in the account with the St. Lawrence system. This was carried in 1901  
the collections for the same period amounted to only \$1,000.00.  
In October, 1901, there was a balance of \$1,000.00  
owing to the R. M. S. on the consolidated account, and later  
in the year a balance for \$1,000.00 was paid for the purpose  
of raising the balance for paying off this debt.  
In 1902 the operating deficit was \$1,000.00 but  
in 1903 this had been converted into a profit of \$1,000.00.  
In 1904 the operation account shows a net loss  
of \$1,000.00.  
In July 1905 it was suggested that \$1,000.00  
be raised separately for these purposes.



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It seems that the H.E.P.C. were experiencing difficulty in getting an adequate source of supply for the power required to feed the St. Lawrence system, and in July 1917 the Village was sent a resolution to be passed by Council authorizing the H.E.P.C. to take the necessary steps to contract for and supply power from the Cedar Rapids transmission Company's plant. This resolution was passed by Council as requested.

STATISTICS:

In 1917 the number of customers were as follows :-

Domestic lighting	89
Commercial	47
Power	1
	<hr/>
Total	137

The population as given by 1916 assessment - 854.

K. W. H. used	- Domestic -	15,779
" " "	- Commercial -	15,179





WINCHESTER

In February, 1912, Winchester (a Village of about 1200 population) by resolution of Council applied to the H.E.F.C. for the usual estimate of power cost. Subsequently an engineer was sent to investigate the situation. About the 1st of October an Enabling By-Law was passed and the following January the vote on the Money By-Law to raise \$10,550.00 for distributing plant resulted as follows :-

For the By-Law 154

Against the By-Law - 4

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Majority for the By-Law - 150.

In the agreement between the H. E. F. C. and the Village, dated November 13th, 1912, the power cost is shown as \$24.00 per H. P.

An electrical plant was purchased for \$1100.00 and shortly afterwards the Council passed a resolution, authorizing the H. E. F. C. to purchase and erect the local distribution plant.

An effort was made in June of that year to interest the Villages of Inkerman, Halville, South Mountain, Mountain, Berwick and Chrysler in Hydro power with the purpose on increasing the load at the transformer station that was to be erected.

It appears that the H. E. F. C. intended altering their original plan of running the trunk line to Winchester by routing it to Chesterville for the purpose





oftaking in the Village of Finch. The proposed change of plan met with considerable disfavour from the Village of Winchester and several of the leading citizens took up the matter with the late Sir James Whitney. The contention was that the proposed change would seriously affect the possibility of the Townships of Mountain and Osgoode obtaining cheap power; that a great deal of power would be eventually used west and north of Winchester, which district would be practically shut out if the new plan went through; that there was no certainty that Finch would take any power. The Villages of Kenmore, Vernon, Metcalfe and Winchester Springs also protested against the change. These representations apparently had a great deal of weight with the H.E.P.C. as they finally decided to adhere to the original plan.

Power was turned on in the Village in December, 1913. During the spring of 1915 interruptions to the service occurred due, the H. E. P. C. claim, to the ice and low water in the Canal at the Morrisburg plant.

In 1916 the H. E. P. C. advised the Village that they had approved of a flat rate per H. P. to the Municipalities on the St. Lawrence System, similar to the method used on the Niagara System. The H. E. P. C. stated that the reason for the increased cost was due to the fact that the Village "was not using near the contracted amount which of course automatically increases the cost per H. P."

As in the case of Chesterville, the H.E.P.C. in 1917 asked the Village to pass a resolution ( the form of same supplied by the H. E. P. C.) with respect to power from the Cedar Rapids Company, and the Council complied with





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this request.

COST OF POWER :

The estimated cost was \$24.00 per H. P. In 1920 this had risen to \$69.34 per H. P. and in 1921 to \$65.00 per H. P. (The present rate, apparently).

FINANCES :

In July, 1919, a statement was submitted by the H. R. P. C. showing the balance of amount due for power during the period - January, 1914, to October 31st, 1918, to be \$4,679.50.

The plant operated at a profit of \$102.42 in 1919.

In 1920, there was a net loss of \$1,007.42 ( due, the H. R. P. C. claim, to increased cost of power for the whole year with the rates to the consumer unchanged for the first six months of the year)





MAXVILLE .

The Village of Maxville is situated in the County of Glengarry, 24 miles north of Cornwall, and 35 miles west of Winchester.

In 1918 the Village made enquiry as to the possibility of obtaining Hydro power, but were informed by the H.E.P.C. that the cost would be prohibitive as the nearest line terminated at Chesterville where the cost was already quite high. The H.E.P.C. advised the Village to instal a 3-phase 60 cycle - 2300 volt distribution system, and to purchase an alternator, to be driven by either a steam engine or an oil engine.

In the latter part of 1919 details of the plan for Hydro power were asked for and the H.E.P.C. furnished an estimate of \$15,943.54 as the total cost of a complete system for the Village. The estimate for power based on 200 H. P. was \$54.33 per H. P. per year. Parker of the H. E.P.C. represented to the Council that the line was to run from Mille Roches, via St. Andrew's to Martintown and Apple Hill, thence to Maxville, which was to be the distributing point, and would supply Moose Creek, Danvegan, St. Isidore, Greenfield and, possibly, Casselman. Both by-laws were passed in January, 1920 (144 for - 1 against), and the agreement was executed by the Council the same month.

The construction of the lines within the limits of the Village was undertaken by the Council with the assistance of a Mr. Livingstone, who came with the recommendation of Mr.





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Worker of the N. E. P. C.. The work was finished by the middle of October.

In November, the Village was in total darkness, as the power lines to the Village had not yet been completed. The N. E. P. C. stated that the delay in the construction of the line was due to the lack of skilled labor and that it would be probably March before the line could be made alive.

In January, 1921, some of the smaller villages voted on the Hydro by-laws, with the following results :-

<u>Iversons</u>	For	66
	Against	1
<u>Elack</u>	For	89
	Against	4
<u>Marinton</u>	For	43
	Against	10
<u>St. Isidore</u>	For	24
	Against	16
<u>Casselman</u>	For	101
	Against	17

It appears that the transformer station was temporarily erected at Apple Hill, but with the idea eventually that it would be moved to Maxville, when a smaller transformer would be installed at Apple Hill. Interruptions to the service were quite noticeable towards the end of July, 1921.

#### COST OF POWER:

The cost of power was raised to \$86.00 per H. P.





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per year on July 31st, 1922, to be effective from January 1st, 1923.

FINANCES :

A statement of Receipts and Expenditures of the system to April 6th, 1921, showed a balance of \$1995.43 remaining from the \$16,000.00, raised from the sale of debentures. The balance sheet of the system, together with the operating report for 9 months, ending December 31st, 1921, showed that after taking care of all expenditures there is a loss on operation amounting to \$1918.98.

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has been on July 31st, 1932, so as effective from January

1st, 1932.

YIN-CHEN

A statement of Receipts and Expenditures of the

system as April 30th, 1931, showed a balance of \$198.43

remaining from the \$16,000.00, raised from the sale of labor-

power. The balance sheet of the system, together with the

operating report for 9 months, ending December 31st, 1931,

showed that after taking care of all expenditures there is

a loss on operation amounting to \$1918.98.







